

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN EXAMINATION BY THE PUBLIC)	
SERVICE COMMISSION OF THE)	
APPLICATION OF THE FUEL ADJUST-)	
MENT CLAUSE OF KENTUCKY POWER)	CASE NO. 9172-A
COMPANY FROM NOVEMBER 1, 1984,)	
TO APRIL 30, 1985)	

O R D E R

Pursuant to 807 KAR 5:056, Section 1(11), the Commission issued its Order on June 26, 1985, scheduling a hearing and requiring Kentucky Power Company ("Kentucky Power") to provide a record of scheduled, actual and forced outages, and a calculation of over- or under-recovery of fuel costs for the 6-month period under review.

Kentucky Power provided the data requested by the Commission's Order of June 26, 1985. Kentucky Power also filed its monthly fuel adjustment filings for the 6-month period under review. Following proper notice, a hearing was held on August 14, 1985.

The sole intervenor in this case was the Consumer Protection Division of the Attorney General's Office ("AG"). The AG did not offer testimony and on cross-examination did not challenge the level of actual fuel cost included in Kentucky Power's monthly fuel filings.

In its Order issued on May 13, 1985, in Case No. 9172, An Examination By The Public Service Commission of the Application of The Fuel Adjustment Clause of Kentucky Power Company from November 1, 1982, to October 31, 1984, the Commission fixed Kentucky Power's base fuel cost at 17.40 mills per KWH. The Commission's review of Kentucky Power's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 15.34 mills in March 1985 to a high of 17.09 mills in December 1984.

Commencing in December 1984, and continuing throughout the period under review, Kentucky Power included in its fuel adjustment clause the fuel cost associated with its purchase of Rockport unit power. Since the Commission had previously denied Kentucky Power's request to charge its customers for the purchase of Rockport unit power,¹ Kentucky Power's charges for Rockport fuel appeared to be in violation of a Commission Order. Due to the complexity of the factual and legal issues presented and their dissimilarity to those normally reviewed in the semi-annual fuel clause proceedings, the Commission initiated Case No. 9325, "An Investigation of the Purchased Power Costs of Kentucky Power Company." That proceeding was concluded by an Order dated October 31, 1985, wherein Kentucky Power was ordered to cease

¹ Order dated December 4, 1984, in Case No. 9061, "General Adjustment in Electric Rates of Kentucky Power Company."

charging its customers for Rockport fuel in excess of the cost of fuel for AEP pool power and to refund such excess collections since December 1984.

The Commission's review of the record in this case, the coal market conditions during this period and the data filed in support of the fuel adjustment clause rates indicate that, except for the fuel cost associated with the purchase of Rockport unit power, the actual fuel costs included in the monthly fuel adjustment clause filings were reasonable.

The Commission, having considered the evidence of record and being advised, is of the opinion and hereby finds that:

1. With respect to all fuel related issues other than the charges for fuel associated with the purchase of Rockport unit power, Kentucky Power has complied in all material respects with the provisions of 807 KAR 5:056.

2. Kentucky Power's charges for fuel associated with its purchase of Rockport unit power have been investigated in Case No. 9325 and findings of fact and conclusions of law were made in that proceeding by Order dated October 31, 1985.

IT IS THEREFORE ORDERED that except for the costs of fuel for Rockport unit power which have been adjudicated in Case No. 9325, the charges collected by Kentucky Power through the fuel adjustment clause for the period November 1, 1984, through April 30, 1985, be and they hereby are approved.

Done at Frankfort, Kentucky this 15th day of November, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Homan
Chairman

R. D. Homan
Vice Chairman

Spencer N. Williams
Commissioner

ATTEST:

Secretary